COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

**BOSTON GAS COMPANY d/b/a KEYSPAN ENERGY DELIVERY NEW ENGLAND**

**D.T.E. 03-40**

ATTORNEY GENERAL'S TWENTY THIRD SET OF
DOCUMENT AND INFORMATION REQUESTS

AG-23-1 Refer to the Company's response to AG-13-19. Please describe each of the programs and services that were targeted to each customer class and summarize the program costs for each customer class. This was not provided as requested in the original data request.

AG-23-2 Refer to the Company's response to AG-13-19. Explain how the "Boiler Rebates" were accounted for in the Company's fully allocated cost of service study (Exh. KEDNE/AEL-5).

AG-23-3 Refer to the Company's response to AG-13-32. Please provide the basis for the allocation of test year "Gas Acquisition and Planning" expenses between base distribution rates and the CGA.

AG-23-4 Refer to the Company's response to AG-13-32. It appears that no gas *planning* expenses were allocated to the CGA. Please explain and provide the test year costs of all gas supply planning activities. Include an estimate of the pro forma amount of the supply planning costs that are included in the Company's proposed revenue requirements. Provide all supporting workpapers, calculations, assumptions and documentation. Provide both a hard copy and an electronic version in Excel or Lotus spreadsheet compatible form.

AG-23-5 Please provide the job description of each employee identified on the Attachment AG-13-32 and identify which employees are employed by Boston Gas Company and which are employed by KeySpan affiliates (identify each affiliate for each employee). Provide the Acct. 813 amount that is currently included in the Company's CGA and all documentation supporting the determination of the amount currently recovered through the CGA for gas acquisition and supply management costs.

AG-23-6 In addition to Acct. 813 costs, does the Company currently recover any gas supply planning, management and forecasting related costs through the CGA? If yes, please provide the details of these additional costs and explain why only Acct. 813 costs are proposed to be recovered through future CGAs.

AG-23-7 Refer to the Company's response to AG-8-12. Please explain in detail how the response was developed. Provide the location (worksheet name and cell references) for all input changes.

AG-23-8 Please provide a fully allocated (allocation of all overhead, A&G, and common costs to all customer groupings) embedded cost of service study at the Company's proposed rate of return. The cost of service study should incorporate the changing of **all** appropriate allocation factors (not limited to those identified in AG-13-22 through AG-13-28) to allocate all costs to the contract customer class or classes. Include a detailed explanation of how the study was performed. Provide the location (worksheet name and cell references) for all input changes. Provide the response in hard copy and electronically as a working model in Excel or Lotus spreadsheet compatible form.

AG-23-9 Please refer to the Company's responses to AG-13-29 and AG-13-30. Please explain why, if the Department set the amount of production, storage and gas acquisition costs to be recovered through the CGA in DPU 96-50 the Company appears to be seeking to recover a short fall through its proposed distribution rates. The short fall is the difference between the increase in test year expenses represented by the adjustment on line 10 ($15,325 k) and the amounts appearing on lines 25 and 26 (a total of $14,536 k).

AG-23-10 Refer to Exhibit KEDNE/AEL-5, page 10. Please explain why different allocators are used to allocate lines 12 and 25. Explain the basis for the choice of each specific allocator.

AG-23-11 Refer to the Company's response to AG-13-33. Explain how the adjustment "Bad Debt moved to CGA" was calculated. Include an explanation of why each adjustment is made to "Gas Cost from P/L" and why the 2000 through 2001 revenue is normalized and adjusted for billing days while gas costs appear not to be normalized.

AG-23-12 Refer to Exhibit KEDNE/AEL-5, page 10, lines 1-27. Please provide cross references to Mr. McClellan's testimony, exhibits and workpapers for each of the "2002 Test Year Adjustments." If the entries on page 10 are aggregations of Mr. McClellan's adjustments or vice versa, please provide the disaggregated details.

AG-23-13 Refer to Exhibit KEDNE/AEL-5, page 10, line 20. Please explain, in detail, what the adjustment represents and what expense accounts are affected. If the adjustment is an aggregation of adjustments, please describe each discrete adjustment, the amount and the basis for each adjustment.

AG-23-14 Refer to Exhibit KEDNE/AEL-5, page 10, line 12, Unbundling-Production and Storage and the Company's Annual Return to the Department for 2002, page 47, line 19, 922 Administrative expenses transferred–Cr. Please provide all documentation supporting this adjustment/transfer amount. Include all workpapers, calculations, assumptions and the internal accounting procedures governing the Company's accounting for this item and the specific GAAP supporting the Company's accounting treatment. Explain why the amount did not change from the prior year (2001).

AG-23-15 Refer to Exhibit KEDNE/AEL-5, page 10, line 12, Unbundling-Production and Storage and the Company's Annual Return to the Department for 2002, page 47, line 19, 922 Administrative expenses transferred–Cr. If the this expense adjustment/transfer represents 100% of the allowable P&S cost as determined in DPU 96-50, explain why the adjustment is for 100% when only a portion is collected through the CGA and the remaining amount is included in base rates.

AG-23-16 Refer to the Company's response to AG-13-1. Please reconcile the difference between the two Total Revenue amounts appearing on page 2 of the response.

AG-23-17 Refer to the Company's responses to AG-13-1 and DTE 3-22, Attachment (a). Please provide a detailed reconciliation of the revenue deficiency of $26,533k appearing in the response to AG-13-1 (referring to cost of service study exhibit, Exhibit KEDNE/AEL-5) and the revenue deficiency of $43,148k appearing in the response to DTE 3-22, Attachment (a), Column labeled "Total All"(referring to rate design exhibits, Exhibits KEDNE/ALS-3 & 4). Explain why the rate design appears to incorporate a total deficiency greater than the deficiency supported in the Company's cost of service.

AG-23-18 Refer to the Company's responses to AG-13-1 and DTE 3-22, Attachment (b). Please reconcile the "Total Revenues" of $312,088k, appearing in the Company's response to AG-13-1 (referring to Exhibit KEDNE/AEL-5) and the total of the peak and off-peak "Existing Revenues," $294,744k ($212,011k plus $82,733k) appearing in the response to DTE-3-33 (b). Explain why the rate design appears to be based on current revenues of more than $17 million less than the revenues in the Cost of Service study.

AG-23-19 Refer to the Company's responses to AG-13-1 and DTE 3-22, Attachment (b). Please reconcile the "Total Cost of Service" of $338,621k, appearing in the Company's response to AG-13-1 (referring to Exhibit KEDNE/AEL-5) and the total of the peak and off-peak "Total Revenue Requirement," $346,264k ($238,184k plus $108,080k) appearing in the response to DTE-3-33 (b). Explain why the rate design appears to be based on a revenue requirement of more than $7.5 million more than the revenue requirement in the Cost of Service study.

AG-23-20 Did the Company take into account rate continuity concerns in developing its proposed tariffs. If yes, please explain what continuity issues were considered and what modifications were made to the proposed rates and reflected in its tariffs. If no consideration was given to rate continuity, please explain.

AG-23-21 Please provide, for each rate class, for peak and off-peak and on a total basis, the base rate increase as a dollar amount and as a percentage.

AG-23-22 If the Department were to require that the Company have a PBR tariff in place during the proposed PBR period, please provide a draft of such a tariff that is a comprehensive reflection of the Company's proposal. The tariff should incorporate not only the terms and conditions of the PBR rate adjustments; but also include the standard form in which the Company will file its proposed annual adjustments.

AG-23-23 Refer to Exhibit KEDNE/JFB-1, page 3, lines 13-17. Please provide tariffs that incorporate the Company's proposal to "limit the impact of this base-rate increase on the average customer in each rate class to no more than a 10 percent increase as compared to the customer's 2002 total bill."

AG-23-24 Refer to Exhibit KEDNE/JFB-1, page 3, lines 13-17. Please illustrate for each class how customers' bills would be adjusted under the Company's pledge if the 2003/04 peak CGA were to be 50 percent higher than the 2002/03 peak CGA. Provide the class bill comparisons (with and without the restriction), all workpapers, calculations and supporting documentation in both hard copy and in the form of electronic spreadsheets (Excel or Lotus compatible).

AG-23-25 Refer to Exhibit KEDNE/JFB-1, page 3, lines 13-17. Please illustrate for each class how customers' bills would be adjusted under the Company's pledge if the 2004 off-peak CGA were to be 80 percent higher than the 2002 off-peak CGA. Provide the class bill comparisons (with and without the restriction) papers, calculations and supporting documentation in both hard copy and in the form of electronic spreadsheets (Excel or Lotus compatible).

AG-23-26 Please describe the operation of the Company's contract with Entergy-Koch Trading. Identify the specific Boston Gas Company contracts, entitlements and supplies that are assigned to Entergy-Koch. Explain in detail how gas supplied to the Company is priced (based on external indices or contract prices, identify each pricing formula and the percentage of gas sold during the test year was priced based on each specific pricing term in the Company's contract with Entergy-Koch).

AG-23-27 Please provide the amount of gas purchased during each month of the test year that was purchased under fixed priced contracts. Include the monthly cost, volume purchased under each contract and the receipt points. Provide copies of the related contracts and all amendments, including all pricing terms.

AG-23-28 Is the Company planning to exit the merchant function. If yes, please explain the Company's strategy in carrying out this plan. Include milestones and time lines. If not, please explain how it is planning to maintain or evolve in a market that is open to competition. Include a discussion of the corporate strategy to a achieve the goals, including milestones and time lines.

AG-23-29 What is the Company's current obligation to serve each of the following customer groups:

(a) existing residential default service customers
(b) other small default service customers
(c) large commercial and industrial default service customers
(d) transportation only customers
(e) special contract sales customers
(f) special contract transportation customers
(g) interruptible sales customers
(h) interruptible transportation customers

AG-23-30 What was the amount of capacity assigned to competitive suppliers during each month of the test year? Please provide the assignments by class.

AG-23-31 What was the amount of gas transported by competitively served customers during each month of the test year. Please provide the requested data by class. Please identify the monthly volumes for customers in each class that did not have capacity assigned to their suppliers.

AG-23-32 Is the Company able to service all transportation only customers should they return to sales service. If not, please explain and indicate the level to which returning customers could be served. If yes, please explain if there are any conditions (design winter, peak day, cold snap, etc.) under which the Company would not be able to provide full service to all customers.

AG-23-33 Please identify each special contract customer (identification should be consistent with the Company's response to AG-19-12) for which the Company has made any capital investment in excess of the amount that would have been made for an equivalent tariffed rate customer (standard meter and service installation). Provide the amount of the investment the date the investment was made, the account to which the investment was booked and the amount of the customer's contribution. Provide all economic analyses supporting the investment and the economics of the contract.

AG-23-34 Please provide copies of all Department orders that relate to the Company's ratemaking treatment of contract revenues and related expenses. Include a copy of

D.P.U. 92-259.

AG-23-35 Please refer to the Company's response to AG-14-44, referring to AG-17-43. Please confirm that the Company does not have any supply (purchase gas) contract(s) for domestic natural gas. See AG-17-43, Attachment AG-17-43 (a), Table G-24 (listing El Paso, seasonal, terminating 10/31/02) and AG-17-43 (b) (no separate supply resource listing the equivalent of Table G-24). If there are any current supply contracts for domestic natural gas, please provide copies of the supply contracts and all amendments. Include all pricing terms, receipt and delivery points and related volumes. If there are none, explain why the Company believes this represents prudent gas resource planning.

AG-23-36 Please provide the status of the Company's gas storage inventories at June 15, 2003 as compared to June 15 for each of the prior five years (1998-2002). Discuss how the Company's current storage levels compare with prior periods and whether the Company anticipates not having sufficient stored gas to serve firm customers under normal winter conditions for 2003/04 and under design winter conditions for 2003/04. If the Company anticipates inadequate storage gas, what is the Company's plan to cover the shortfall. Include all analyses supporting the Company's response–these should include materials for the Company's most recently approved Gas Supply Plan and Forecast.

AG-23-37 Please provide the value of the Company's gas storage inventories at June 15, 2003 as compared to June 15 for each of the prior five years (1998-2002). Include a forecast of the value of the gas storage inventories at November 1, 2003 and compare this to the values for the five prior years. Include all supporting workpapers, analyses, calculations, assumptions and documentation.

AG-23-38 Please provide the Company's best estimate of the peak 2003/04 CGA. Include all supporting workpapers, analyses, calculations, assumptions and documentation. Explain how the estimate was developed.

AG-23-39 Should there be any gas shortages during the upcoming winter, what are the Company's curtailment plans. Please provide a copy of the Company's formal curtailment procedures and policies, including the identity of customers that would be curtailed first and those that are considered essential or non-curtailable. For each of the customers in these categories, provide the customer's MDQ. For each customer indicate if they are served under tariffed rates or special contract. Explain any distinction made between special contract customers and tariffed customers in the Company's curtailment policies.

AG-23-40 Please provide the curtailment policies and procedures for each of the other KeySpan gas distribution companies. For each document provided in this response indicate whether the state regulator has approved the policies and procedures.

AG-23-41 Does the Company require or have any terms, conditions or contract requirements that any or all its dual-fuel capable customers have the ability (permits and sufficient fuel inventories) to burn alternative fuels under winter conditions? If yes, please provide copies of the documents containing these provisions.

AG-23-42 Refer to Exhibit KEDNE/AEL-5, page 10, line 15, Unbundling-Bad Debts and the Company's Annual Return to the Department for 2002, page 47, line 5, 904 Uncollectible Accounts or other relevant page. Please provide all documentation supporting this adjustment, the per book amount and the difference between these two amounts. Include all workpapers, calculations, assumptions and the internal accounting procedures governing the Company's accounting for this item and the specific GAAP supporting the Company's accounting treatment.

AG-23-43 Refer to the KEDNE/AEL-1, page 8, lines 19-21. Please explain the use of the weather normalized revenue from the CSS system when calculating the customer charge adjustment.

AG-23-44 Refer to the Company's response to AG-8-1, page 2 and page 4. Please explain how the changes in the Availability section will impact the eligibility of the customers in the R-2 and R-4 rate classes.

AG-23-45 Refer to the Company's response to AG-8-1, page 16. Please provide the monthly bills for these customers had this tariff been in effect during the test year. Compare to actual bills.

AG-23-46 Refer to the Company's response to AG-13-14 (electronic), "Input" worksheet. Please describe the data sources for the data categorized as "CGA Report" and the "Booked" data. Explain the differences the data reported, why the CGA report data appears to "allocate" the Booked data, and why it is appropriate to use these data sources in the calendarization adjustment. Please explain why the Company decided to use calendarized data for the allocator and not simply normalized. Identify all other instances where the Company used calendarized data in the Company's rate design and cost allocation calculations.

AG-23-47 Refer to the Company's response to AG-13-20. Please confirm that the calculations supporting the D-1 allocator are contained in the electronic spreadsheet provided in responses to AG-8-12 and AG-8-13 ("DEM11" and "t1"worksheet) and does not incorporate any changes to the calculations supporting Exhibit KEDNE/AEL-7.

AG-23-48 Please provide a listing of all transfers and sales of property (including licences, rights, other intangible property), plant, equipment, or other assets (including accounts receivables) from or to any affiliate. The listing should provide on an annual basis information for the period January 1,1999 through May 31, 2003, identify the transferring/selling entity, a description of the item, the net book value of the item at the time of the sale or transfer, the transfer/sale price and amount of the proceeds, the identity of the purchaser/recipient and the accounting entries for all related transactions. Provide a brief description for the reason for each transaction.

AG-23-49 Please refer to the Company's response to AG-1-8, Attachment AG-1-8 (a). Please provide all restated reports, filings and cost allocations that the SEC has required as the result of its "Findings and Actions Required" issuances. The response should include a description of each change made in each document, citing the specific SEC Finding and Item and date of the related Requirement. The response should provide all KeySpan's restatements for 2001 and 2002, all SEC responses, all subsequent revision, and copies of all SEC communications related to the restatements. At a minimum this response must include the reallocation of KeySpan Services' "Corporate Governance" and reallocation of costs to non-utility companies as required by the SEC. See pp. 15 and 48 for example.

AG-23-50 Please refer to the Company's response to AG-1-8, Attachment AG-1-8 (a). Please provide revisions to the Company's Annual Return to the Department for 2001 that reflects the reallocation of costs as required in the SEC's "Findings and Actions Required" issuances. Annotate the Return and describe each change from the original filing citing the specific SEC "Finding," "Item," and date of the related "Requirement." Provide the revisions whether or not the SEC requires that the Company's financial statements be restated.

AG-23-51 Please refer to the Company's response to AG-1-8, Attachment AG-1-8 (a). Please provide a revised Annual Return to the Department for 2002 that reflects the reallocation of costs as required in the SEC's "Findings and Actions Required" issuances. Annotate the Return and describe each change from the original filing citing the specific SEC "Finding," "Item," and date of the related "Requirement." Provide the revisions whether or not the SEC requires that the Company's financial statements be restated.

AG-23-52 Please provide a revised Exhibit KDNE/PJM-2 incorporating all the changes to test year expenses and proposed adjustments that relate to the restated reports, filings and cost allocations that the SEC has required as the result of its "Findings and Actions Required" issuances. See the Company's response to AG-1-8. Include all supporting workpapers, calculations, and citations to the SEC requirements underlying the changes.

AG-23-53 Please refer to the Company's response to AG-17-29. Please provide the raw data and revised allocation factors assuming Essex Gas Company had been incorporated in the calculations on a stand-alone basis. Include relevant pages from Essex Gas Company's Annual Return to the Department and any other filings with the Department that support the development of the allocation factors for Essex.

AG-23-54 Please refer to the Company's responses to AG-17-29 and AG-1-8. Please provide a revision to the response to AG-17-29 (attachments) that incorporates the restatements (reports, filings and cost allocations) that the SEC has required as the result of its "Findings and Actions Required" issuances. Include all supporting workpapers, calculations, and citations to the SEC requirements underlying the changes.

AG-23-55 Refer to the immediately preceding request. Please provide the raw data and revised allocation factors assuming Essex Gas Company had been incorporated in the revised calculations on a stand-alone basis. Include relevant pages from Essex Gas Company's Annual Return to the Department and any other filings with the Department that support the development of the allocation factors for Essex.

AG-23-56 Please explain when each allocator used in allocating costs among KeySpan affiliates is determined and updated. Provide a table of allocators, the components of each, identify specific costs (or categories of costs) that are allocated using each allocator, the date of the underlying data for the 2002 allocators, and the dates or frequency of the updates.

AG-23-57 Please refer to the Company's response to AG-1-8, Attachment AG-1-8 (a), page 22, Finding 7. Please describe and explain the NYPSC requirement to maintain separate service companies for the specified companies (KeySpan New York, KeySpan Long Island, KeySpan Generation, KeySpan Electric Services, KeySpan Energy Trading Services, KES and LIPA). Provide copies of all related statues and regulatory authority orders.

AG-23-58 Refer to the Company's response to AG-1-8, Attachment AG-1-8 (a), page 36. Please provide a copy of the Rule 24 reports. Explain at what stage KeySpan is regarding its "...Long-term strategy to manage all of KeySpan regulated and unregulated energy assets as one energy portfolio and under one management organization." Address how energy portfolio costs would be allocated among and between the regulated and unregulated companies.

Date: June 13, 2003